

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 IO-14 SAJ-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 DRC-01 OMB-01 EUR-25 EB-11 NIC-01 /143 W

----- 106359

R 020921Z JUL 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 2238

INFO AMEMBASSY BANGKOK

AMCONGEN HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY RANGOON

AMEMBASSY TOKYO

USLO PEKING

S E C R E T 4173

E.O. 11652: GDS

TAGS: PFOR, CH, XC

SUBJECT: CHINA AND SOUTHEAST ASIA

REF: MANILA 6127

1. HAVING WAITED TO RECEIVE AND BENEFIT FROM THE
NUMEROUS REACTIONS TO MANILA'S TELEGRAM, WE CAN LIMIT
OURSELVES TO A FEW GENERAL COMMENTS AND SEVERAL OTHERS
RELATED MORE CLOSELY TO THE ISSUES AS SEEN FROM THIS
SIDESHOW ACROSS THE STRAITS. OUR GENERAL COMMENTS ARE
BEST SUMMED UP BY STATING OVERALL AGREEMENT WITH
HONG KONG'S INTRODUCTORY FOUR POINTS. WE WOULD ALSO
ADD THESE BRIEF OBSERVATIONS:

A. THE PRC, IN ATTEMPTING TO MAXIMIZE ITS
INFLUENCE IN SEA, IS BEHAVING MUCH AS WE SHOULD
EXPECT ANY MAJOR STATE TO BEHAVE;

B. THE PRC LACKS THE WHEREWITHAL TO ESTABLISH
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HEGEMONY OVER SEA AND IS AWARE OF THIS LACK;

C. BOTH THE US AND THE PRC ARE LIKELY TO BE IN COMPETITION, PEACEFUL WE TRUST, FOR EXERTING PREDOMINANT INFLUENCE WITHIN THE REGION (SOMETHING WELL SHORT OF HEGEMONY), AND THIS TOO IS NORMAL;

D. IN THIS COMPETITION, US ASSETS -- SO DEARLY BOUGHT-- STILL OVERMATCH THOSE THE PRC CAN BRING TO BEAR;

E. IN ANY CASE, WE ARE NOT INVOLVED IN AN ALL OR NOTHING GAME.

2. TURNING TO SOME MORE PAROCHIAL INTERESTS, WE WOULD AGREE THAT PRC POLICIES AND ACTIONS IN SOUTHEAST ASIA ARE STILL INFLUENCED TO SOME EXTENT--AS THEY HAVE BEEN IN THE REST OF THE WORLD--TO THE OBJECTIVE OF THE ELIMINATION OF ANY DIPLOMATIC REPRESENTATION

OR ROLE. WE ASSUME THAT PEKING MUST BE ESPECIALLY INTENT ON CORRECTING WHAT IT SEES AS A DISTURBING ANOMALY SO CLOSE TO HOME. IF TAIWAN REPRESENTATIVES CAN BE ELIMINATED FROM BANGKOK AND MANILA AND PRC REPRESENTATIVES INSTALLED THERE, AS WELL AS IN SINGAPORE, AND RETURNED TO DJAKARTA, THEN THE ROC WOULD BE REDUCED, AS FAR AS FORMAL DIPLOMATIC LINKS GO, TO SPECIAL CASES LIKE SAIGON AND SEOUL, THE UNITED STATES, AND SEVERAL NOT VERY IMPORTANT LATIN AMERICAN AND AFRICAN NATIONS. THIS PRC OBJECTIVE IS ON THE WAY TO BEING ACHIEVED AND IS THEREFORE NOT OF LONG-TERM SIGNIFIGANCE, REPRESENTING

MOSTLY A BIT OF TIDYING UP, BUT STILL HAS TO BE GIVEN SOME NOTICE UNDER PRESENT CIRCUMSTANCES.

3. LIKE MOST OF THE COMMENTATORS ON MANILA'S TELEGRAM, WE ALSO DOUBT HOW MUCH INFLUENCE THE PRC ECONOMIC DEVELOPMENT EXAMPLE HAS ON ANY BUT INTELLECTUAL AND LEFTIST GROUPS IN SOUTHEAST ASIA. ON BASIS OF MY OWN EXPERIENCE, I SUSPECT THAT IN FINANCIAL AND ECONOMIC CIRCLES, WHICH OFTEN OVERLAP SUBSTANTIALLY WITH GOVERNMENTAL CIRCLES IN SOUTHEAST ASIA, THERE IS MORE RESPECT FOR THE ECONOMIC DEVELOPMENT SHOW PUT ON HERE IN TAIWAN OVER THE LAST 15 OR 20 YEARS. THIS WOULD APPLY

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WITH PARTICULAR STRENGTH TO THE OVERSEAS CHINESE WHO PLAY SUCH A DISAPPROPORTIONATELY IMPORTANT ROLE IN ECONOMIC DEVELOPMENT, ESPECIALLY IN THE PRIVATE SECTOR. THIS DOES NOT MEAN THAT SOUTHEAST ASIAN NATIONS WILL BE STRONGLY INFLUENCED FOR THAT REASON TO RETAIN DIPLOMATIC TIES WITH THE ROC WHERE THESE STILL OBTAIN BUT RATHER THAT THE PRC'S ECONOMIC DEVELOPMENT STORY IS NOT LIKELY TO WIN IT BROAD

SUPPORT IN CIRCLES THAT ARE PRESENTLY INFLUENTIAL IN SOUTHEAST ASIA.

4. WE ALSO SHARE CONSENSUS OF OTHER POSTS IN QUESTIONING MORE BROADLY WHETHER THE OVERSEAS CHINESE ARE IN FACT LIKELY TO BE SUSCEPTIBLE TO PRC EFFORTS TO ENLIST THEM IN ANY BID TO ESTABLISH THE PEOPLE'S REPUBLIC HEGEMONY OVER SOUTHEAST ASIA. IT IS TRUE THAT OVERSEAS CHINESE ARE INEVITABLY PROUD OF THEIR CHINESE HERITAGE AND PROBABLY TAKE SOME SATISFACTION FROM THE RE-EMERGENCE OF CHINA AS A POWER IN THE WORLD. THEIR OWN DIRECT INTERESTS AND OUTLOOK, HOWEVER, RUN GENERALLY CONTRARY TO THE TRANSFORMATION OF SOUTHEAST ASIA NATIONS INTO PRC CLIENT STATES. WHILE THE LEADERS OF THE OVERSEAS CHINESE COMMUNITIES WOULD, OF COURSE, BE DELIGHTED TO ENGAGE IN TRADE WITH CHINA AND POSSIBLY EVEN MAKE CERTAIN KINDS OF INVESTMENTS THERE, THEY SURELY ARE ALL HOPING TO CONTINUE TO OPERATE FROM THE FAIRLY UNFETTERED ECONOMIES AND SOCIETIES WHICH THEIR HOME BASES IN SOUTHEAST ASIA REPRESENT. AMONG THE YOUNG GENERATION OF OVERSEAS CHINESE THERE ARE IDEALIST AND REVOLUTIONARIES BUT ARE NOT MOST OF THEM LIKELY TO BE MAKING MONEY IN THE FAMILY BUSINESS TEN YEARS HENCE? ALL OF THIS OF COURSE DEPENDS ON THE CONTINUING SUCCESSFUL OPERATION OF A FAIRLY OPEN INTERNATIONAL ECONOMY; IF ENERGY CRISES AND INFLATION AND RECESSION BRING THE ERA OF EXPANSION TO AN END. THEN THE ATMOSPHERE MAY EXIST FOR PRESENT REGIMES BEING SUCCEEDED BY REVOLUTIONARY ONES WHICH WOULD HAVE LITTLE ROOM FOR THE TRADITIONAL OVERSEAS CHINESE PATTERN.

5. HONG KONG SAYS " DISPLACEMENT OF THE OTHER POWERS FROM SHOUTHEAST ASIA COULD BE" A PRC GOAL. TO THE SECRET

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EXTENT THAT THIS STATEMENT APPLIES TODAY TO THE SOVIET UNION, DRAWING ON MY SEA EXPERIENCE, I WOULD STATE IT EVEN MORE POSITIVELY. WHEN THE PRC DROPS HINTS THAT IT IS IN NO HURRY TO SEE THE US AIR FORCE DEPART FROM UTAPAO, IT TAKE IT TO BE SIGNALLING ITS MUCH GREATER CONCERN OVER SOVIET THAN AMERICAN PRESENCE IN SEA. THE NATIONS THERE ARE OF COURSE WELL AWARE OF THE PRC'S DESIRE TO PREVENT THE SOVIETS FROM GAINING A FOOTHOLD IN SOUTHEAST ASIA AND, AS HAS BEEN POINTED OUT, THEY WILL UNDOUBTEDLY CONTINUE TO SMILE NOW AND THEN TOWARD MOSCOW IF ONLY TO MAKE CLEAR TO PEKING THAT IT SHOULD NOT SEEK TO DOMINANT A POSITION.

6. STEP 2 AS PROPOSED BY AMBASSADOR SULLIVAN IS THE EXAMINATION OF POLICIES FOR THE US IN THE LIGHT OF

THE NEW AGREEMENT BETWEEN CHINA AND MALAYSIA (A WORTH-
WHILE EFFORT WHETHER WE ACCEPT THAT AGREEMENT AS A
"NEW OVERTURE IN CHINESE POLICIES" OR NOT). IN ANY
SUCH EXAMINATION, FUTURE US MOVES TOWARD "NORMALIZATION"
WITH THE PRC OR OTHER DEVELOPMENTS WHICH COULD HAVE
SIGNIFICANT IMPACT ON THE ROCHGUD ITS FUTURE STABILITY
SHOULD BE TAKEN INTO ACCOUNT. UNLESS THE US CONTINUES
TO DEMONSTRATE ITS SUPPORT OF OUR SHANGHI COMMUNIQUE
STATEMENT FOR A PEACEFUL SETTLEMENT OF THE TAIWAN
QUESTION, SOME SOUTHEAST ASIAN NATIONS WILL BE LED TO
QUESTION MORE SHARPLY THAN THEY HAVE TO DATE THE LIKELIHOOD
OF OUR RESPONDING TO POSSIBLE FUTURE CHALLENGES TO

THE REGION'S SECURITY, EVEN WHERE WE HAVE CLEAR UNDERTAKINGS.

7. DEPTTEL 136797 JUST RECEIVED.
UNGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HEGEMONY, POLICIES, FOREIGN RELATIONS, ECONOMIC ASSISTANCE, AGREEMENTS, POLITICAL SETTLEMENT, COLLECTIVE SECURITY, TROOP REDUCTIONS, MILITARY BASES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TAIPEI04173
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740175-0314
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740779/aaaacpxi.tel
Line Count: 186
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: MANILA 6127
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 06 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 JUN 2002 by boyleja>; APPROVED <20 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHINA AND SOUTHEAST ASIA
TAGS: PFOR, CH, XC, US, TH, TW
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005